

C. U. SHAH UNIVERSITY

Winter Examination-2019

Subject Name : Accounting & Finance - I

Subject Code : 4CO01AFI2

Branch: B.Com (English)

Semester: 1

Date: 02/12/2019

Time: 02:30 To 05:30

Marks: 70

Instructions:

- (1) Use of Programmable calculator & any other electronic instrument is prohibited.
- (2) Instructions written on main answer book are strictly to be obeyed.
- (3) Draw neat diagrams and figures (if necessary) at right places.
- (4) Assume suitable data if needed.

- Q-1 Attempt the following questions: (14)
- a) What is the property of the share for the shareholder? (14)
 (A) ideal property (B) contingent property
 (C) Personal and movable Property (D) immovable property
 - b) Which accounting system takes into consideration the details of “accrued incomes” and “outstanding expanses”? (01)
 (A) Mercantile system (B) Cash System
 (C) Mercantile system & Cash System (D) none of the above
 - c) Paid Rs. 2800 at the time of contract. Four annual installments were paid (01)
 respectively Rs. 3120, Rs. 2480, Rs.1880, and Rs. 1320. Rate of interest 10%. Find out cash price.
 (A) 10000 (B) 8800 (C) 11,600 (D) 5920
 - d) Sale of scrap from an asset, under replacement is to be credited to: (01)
 (A) replacement account (B) Revenue account
 (C) capital account (D) casual income account
 - e) In which method stock is valued at a price which is almost nearer to (01)
 current market price?
 (A) FIFO method (B) LIFO method
 (C) weighted average method (D) fixed price method
 - f) What is the financial source used to bring foreign capital into the (01)
 economy?
 (A) ideal property (B) contingent property
 (C) mutual funds (D) deep discount bound
 - g) As per which method the books of accounts are maintained by dancer, (01)
 musicians and actor?
 (A) single entry (B) desi nama system
 (C) cash system (D) mixed system
 - h) By deducting cash price from the contract price of assets the difference of (01)
 the amount is called.....
 (A) original price (B) sales price (C) interest (D) installment
 - i) Expenditure incurred to increase asset’s efficiency permanently is (01)
 called.....
 (A) deferred revenue expenditure (B) revenue expenditure



- (C) replacement expenditure (D) capital expenditure
- j) In which method goods remain in the stock of last purchase? 01
 (A) FIFO method (B) LIFO method
 (C) weighted average method (D) fixed price method
- k) What is the importance of collecting even small amounts in large quantities? 01
 (A) commercial creditors (B) public deposit
 (C) cash credit (D) overdraft
- l) A person who prepares cases is a link between ... 01
 (A) a court and an advocate (B) his clients and advocates
 (C) the advocate and the creditor (D) the advocate and the bar association
- m) The main difference between sales under hire purchase agreement and sales under installment system is regarding... 01
 (A) delivery of the goods (B) ownership of the goods
 (C) sales price of the goods (D) none of these
- n) Cost of additional new asset constructed at the time of replacement is called... 01
 (A) replacement expenditure (B) Revenue expenditure
 (C) capital expenditure (D) installation expenditure

Attempt any four questions from Q-2 to Q-8

Q-2 Attempt all questions (14)

A Hardik and Jay sharing the profit 1:1 are the partners of the solicitor's firm. Trial balance as on 31-03-2016. Is as under.

particular	Debit Rs.	Credit Rs.
Capital : Hardik		60000
Jay		40000
Fee		250000
Client's Advance		10000
Client's Account(fee)	50000	
Bank : Client	10000	
Firm	25000	
Salary	30000	
Creditors-Debtors	10000	2000
office Expenses	20000	
Motor-Car Vehicles	120000	
Books-library	60000	
Client Misc. exp. ledger	15000	
Misc exp.	7000	
Magazine subscription	9000	
Post-telegram	2500	
stationery	1500	
Travelling exp.	2000	
	362000	362000

Considering the following details, prepare Final Account of the firm for the year ending on 31-03-2016 (case system)

(1) Calculate interest at 6% on capital.



- (2) Misc. exp. Rs. 1500 paid on behalf of the client were recorded as the Misc. Exp.
 (3) Calculate Depreciation on vehicles at 10% and books at 5%.
 (4) Rs. 5000 received from one client against client Misc. Exp. But it was included in the client advance account.
 (5) Work in processes balance was Rs. 20000.

Profit sharing ratio from 1-4-2016 will be 3:2 calculate profit of partnership firm.

Q-3 Attempt all questions (14)

A on 1-01-2007 a machine was purchased on hire purchase, its cash price being Rs. 207000 Rs. 20000 was paid on signing the contract and remaining amount was payable in eleven half-yearly instalments of Rs.20000 each including interest. The first instalment was payable after six months.

Depreciation is calculated at 10% p.a. on reducing balance method.

show calculate of interest included in each instalment in the books of the purchaser and prepare the following accounts for only two years (for 2007 and 2008)

(1) Machine A/c (2) Vendor's A/c (3) Interest A/c

B A company purchases a machine on Hire-purchase system on 1-04-2006 payable in five annual installment of Rs.1200 each. The vendor company charges interest at 5% per annum. Depreciation is written off at 10% p.a. on straight line method. The accounting year of the company ends on 31st march. Reference to annuity tables shows that the present value of the annuity of the Rs.1 For five years at 5% is Rs. 4.329477.

Show necessary accounts in the books of the purchaser.

Q-4 Attempt all questions (14)

(A) Explain book building. 07

(B) Difference between ordinary shares and preference shares. 07

Q-5 Attempt all questions (14)

A Calcutta gas co. ltd. Re-built and re-equipped part of their works at a cost of Rs. 800000. The part of the old works so superseded cost Rs. 500000 but if it is constructed at present then the cost would be more by 20% Rs. 60000 is realized by the sale of old materials and old included in the above-mentioned cost.

Pass necessary journal entries in the books of the company to record the above transaction and state what amount should be charged to capital and to Revenue, giving reasons for your answer.

B The neelam corporation constructed a new guest house by dismantling the old guest house. you are supplied the following information:

in 2010 a new guest house at a total cost of Rs. 2000000 was constructed in place of old guest house and old materials values at Rs. 100000 was used in construction of new guest house and included in the



above-mentioned cost.

In 1993 the old guest house was constructed at a cost of Rs. 1000000. Compared to 1993, the cost of construction in the year 2010 has increased by 80%.

Pass necessary journal entries in the books of the neelam corporation. Show your workings.

- Q-6 Attempt all questions (14)
- (A) Explain the meaning of inventory and also explain its objectives of inventory valuation 07
- (B) Explain loan syndication. 07
- Q-7 Attempt all questions (14)
- A The receipts and issues of an item of the materials in a factory during August, 2016 are as follows:
- | | |
|---|-------------------|
| August 1 Opening Balance | 150 kgs at Rs. 20 |
| „ 2 Issued | 50 kgs |
| „ 8 Purchases | 200 kgs at Rs. 21 |
| „ 16 Issued | 150 Kgs |
| „ 18 Returns from job
(out of materials issued on 3rd) | 10kgs |
| „ 21 Purchases | 300 kgs at Rs. 19 |
| „ 27 Issued | 100 kgs |
- The report of the stock verifier revealed that there was a shortage of 5 kgs on 31st august. prepare stock register under
(A)FIFO method (B) LIFO method (C) Weighted Average method.
- Q-8 Attempt all questions (14)
- (A) Give difference between LIFO & FIFO method. 07
- (B) Give difference between installment & hire purchase system. 07

